

THE IMPACTS OF FAILING TO EXTEND SURFACE TRANSPORTATION FUNDING

Background:

On September 30th, 2011, authorization for the Department of Transportation to collect revenue and spend out new funds from the Highway Trust Fund on highway, bridge, and transit projects expires. Surface transportation is typically reauthorized for six-year periods. The major reauthorization expired in October of 2009 and projects have been supported by seven temporary spending extensions over the past 2 years.

The Highway Trust Fund serves as the primary vehicle to ensure a dependable source of financing for our nation's surface transportation systems. The Highway Trust Fund consists of two separate accounts that distribute funding to support highway and transit projects. The Highway Account supports projects within the Federal Highway Administration, the Federal Motor Carriers Safety Administration, and the National Highway Traffic Safety Administration, while the Mass Transit Account supports projects within the Federal Transit Administration¹.

Funding for highway projects is given to State governments and municipalities based upon both formula and competitive grant processes. These funds benefit the States economies by supporting road and bridge projects that facilitate the flow of people and goods, improve safety, and create construction and indirect jobs. Funding for transit projects is also based on both formula and a competitive grant process. Grants for urban transit projects are given to local public transit operators to invest in and maintain public transit infrastructure and grants for transit projects outside urban areas are given to State governments and other recipients for both infrastructure investments and to support operations. Transit grants are used in ways that create construction and indirect jobs that support public transit systems, purchase and maintain transit vehicles and equipment, support regional transportation planning efforts, and improve the technology and service methods used in the delivery of public transportation services.

Impact of Surface Transportation Expiration:

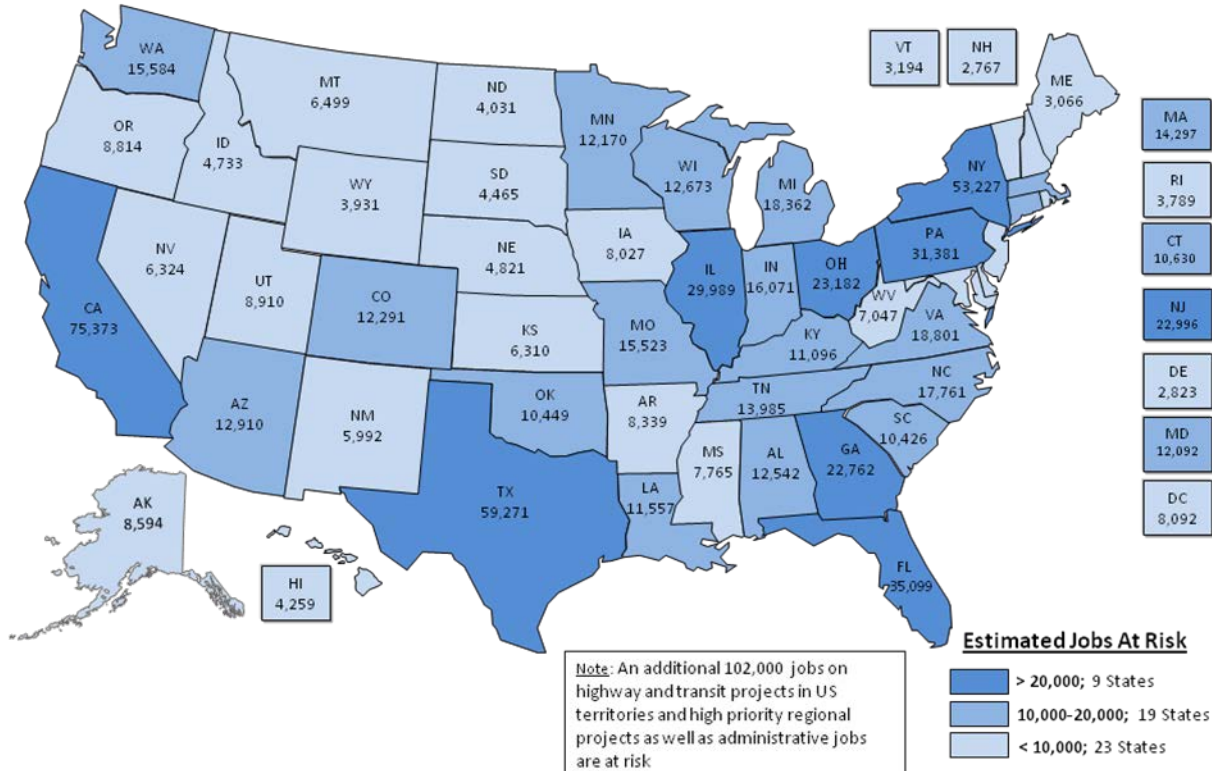
After September 30th, a lapse in the \$51.5 billion in Federal funding that supports highway and transit projects would put at risk more than 134,000 active projects that are paving our roads and building our bridges, and approximately 5,000 active projects improving our transit systems. It would immediately lead to approximately 4,000 Federal employees going without a paycheck.

An expiration of surface transportation funding will result in State governments no longer receiving reimbursements for the expenses incurred on highway projects. This would increase uncertainty, lead to delays and halts in ongoing projects and new starts, and eventually would threaten virtually all Federally financed surface transportation investment. As States and local transit authorities typically must expend their own resources prior to receiving reimbursement

¹ The National Highway Traffic Safety Administration and Federal Transit Administration receive approximately 80% of their funding from the Highway Trust Fund.

from the Federal government, those entities have a significant amount of financial exposure during the construction stages of transportation projects. Transit service levels could be likewise placed at risk because their business models rely in part on Federal funding to support their cash flows.

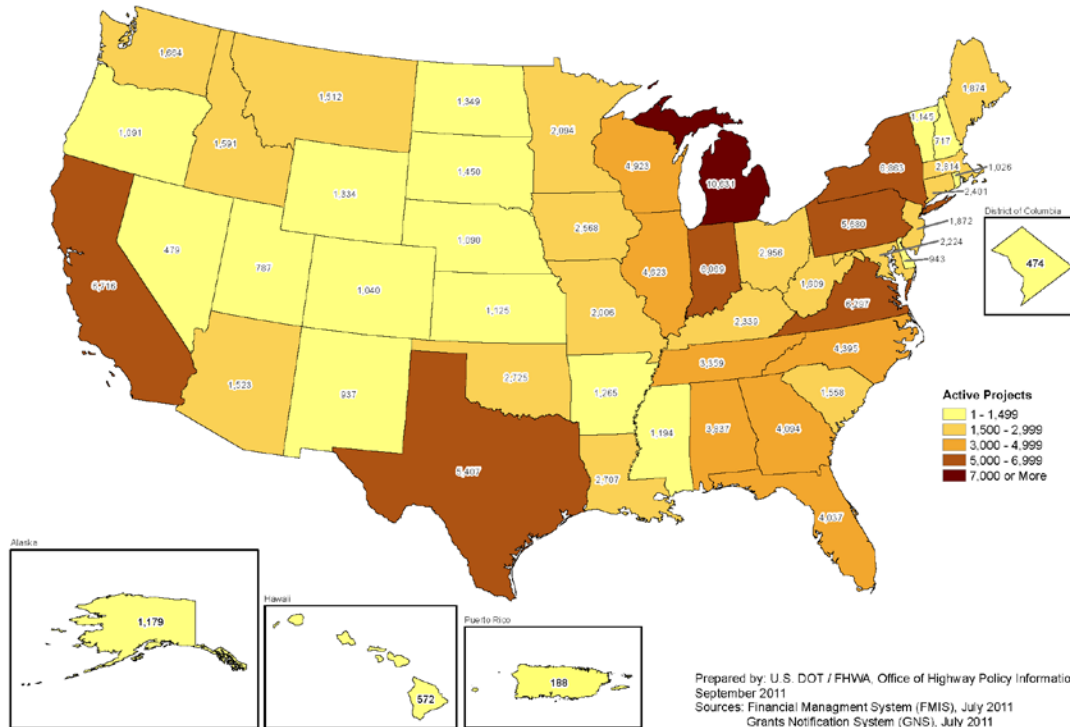
The jobs and economic impact that will be felt at the local level is quite severe. Over the course of the next year, nearly 1 million jobs will be jeopardized. The figures below depict the estimated annual jobs and number of highway and transit projects under development in each state that will be impacted if surface transportation funding expires.



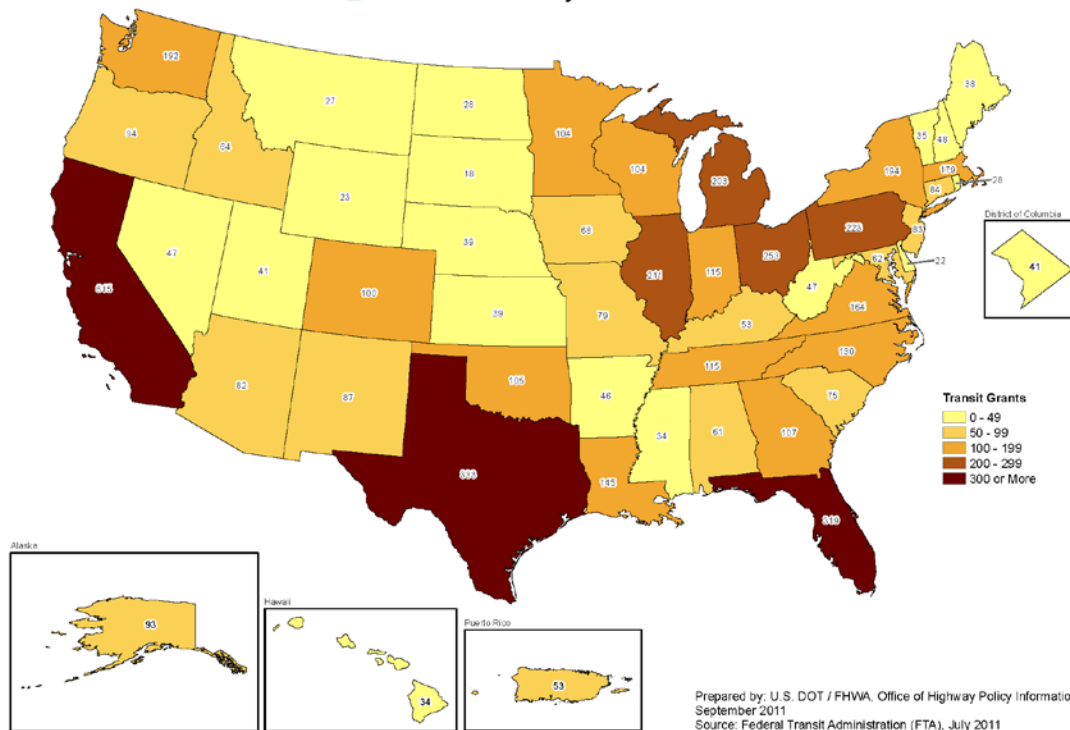
This annual jobs impact was estimated using an input-output model with data from the Bureau of Economic Analysis on industry-specific input requirements, combined with a macroeconomic multiplier analysis. The input-output model takes into account the number of construction workers directly employed on infrastructure projects, as well as the number of workers required to produce materials and other inputs. In addition, government investment spending is projected to result in additional private spending through standard macroeconomic multiplier effects, supporting additional jobs throughout many sectors of the economy.



Active Highway Projects (Total = 134,936) as of July 2011



Active HTF-Funded Transit Grants (Total = 5,600) as of July 2011



State	Est. Annual Jobs at Risk	Active Highway Projects	Active Transit Projects
Alabama	12,542	3,837	93
Alaska	8,594	1,179	61
Arizona	12,910	1,523	46
Arkansas	8,339	1,265	82
California	75,373	6,716	615
Colorado	12,291	1,040	100
Connecticut	10,630	2,401	84
Delaware	2,823	943	22
District of Columbia	8,092	474	41
Florida	35,099	4,037	319
Georgia	22,762	4,094	107
Hawaii	4,259	572	34
Idaho	4,733	1,591	68
Illinois	29,989	4,623	64
Indiana	16,071	6,069	211
Iowa	8,027	2,568	115
Kansas	6,310	1,125	39
Kentucky	11,096	2,339	53
Louisiana	11,557	2,707	145
Maine	3,066	1,874	179
Maryland	12,092	2,224	62
Massachusetts	14,297	2,814	38
Michigan	18,362	10,631	203
Minnesota	12,170	2,094	104
Mississippi	7,765	1,194	79
Missouri	15,523	2,006	34
Montana	6,499	1,512	27
Nebraska	4,821	1,090	130
Nevada	6,324	479	28
New Hampshire	2,767	717	39
New Jersey	22,996	1,872	48
New Mexico	5,992	937	83
New York	53,227	6,863	87
North Carolina	17,761	4,395	47
North Dakota	4,031	1,349	194
Ohio	23,182	2,956	253
Oklahoma	10,449	2,725	105
Oregon	8,814	1,091	94
Pennsylvania	31,381	5,680	223
Puerto Rico		188	53
Rhode Island	3,789	1,026	28
South Carolina	10,426	1,558	75
South Dakota	4,465	1,450	18
Tennessee	13,985	3,359	115
Texas	59,271	5,407	333
Utah	8,910	787	41
Vermont	3,194	1,145	164
Virginia	18,801	6,297	35
Washington	15,584	1,664	192
West Virginia	7,047	1,609	104
Wisconsin	12,673	4,923	47
Wyoming	3,931	1,334	23
Other	102,202*	583**	16**
TOTAL	847,294	134,936	5,600

* includes the estimated annual jobs at risk in US territories, on regional projects, and for administrative roles

** includes projects under development in US territories (excluding Puerto Rico)